

CORRECTED FISCAL MEMORANDUM
SB 2716 – HB 2794

May 16, 2008

SUMMARY OF AMENDMENT (014830, 018398): Amendment 014830 deletes the original bill in its entirety. Defines inherently low-emission vehicles (ILEV) and low-emission and energy efficient vehicles (LEEEV). Authorizes the use of such vehicles in High Occupancy Vehicle (HOV) lanes provided that such authorization does not violate federal guidelines or jeopardize federal funds to the state. Requires the Department of Revenue (DOR) to provide owners of qualified vehicles with an identifying decal following application and provision of the required documentation. Requires the Department of Transportation (TDOT) and local authorities to provide information via traffic control devices and signage that such vehicles may be driven in HOV lanes. Requires TDOT, in conjunction with local authorities, to perform a level-of-service examination concerning the use of HOV lanes by these vehicles. If the study determines that the use of HOV lanes by these vehicles causes a significant decrease in the level of service for other users, the authorization for the use of such lanes by ILEV and LEEEV vehicles may be restricted or terminated.

Amendment 018398 requires the Department of Revenue to charge a \$1.00 fee for the required sticker or decal.

FISCAL IMPACT OF ORIGINAL BILL:

Other Fiscal Impact – According to the Tennessee Department of Transportation, federal guidelines concerning HOV lanes, found in SAFETEA-LU section 1121, do authorize low-emission and energy-efficient vehicles with fewer than two occupants to be driven in such lanes if procedures for enforcement are established. However, according to the Department of Transportation, the language in this bill does not conform to the requirements of SAFETEA-LU section 1121 which could result in the federal government requesting reimbursement of over \$75,000,000 in federal funds that have been spent on HOV lanes.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

On May 14, 2008 we issued a fiscal memorandum on this amendment indicating a *decrease in state revenue of \$1,200; a one-time increase in state expenditures of \$31,200 to the Highway Fund; a \$120,000 recurring increase in state expenditures to the Highway Fund; a one-time increase in state expenditures of \$56,800 to the General Fund; a not significant decrease in local revenue, and a not significant increase in local expenditures.* Based upon additional information obtained from TDOT concerning their ability to perform level-of-service examinations utilizing existing resources available through SmartWay systems, the fiscal impact of the bill with the proposed amendment is as follows:

(CORRECTED)

State Revenue – Net Impact – \$287,600/General Fund

**Increase State Expenditures - \$31,200/One-Time/Highway Fund
\$56,800/One-Time/General Fund**

Decrease Local Revenue – Not Significant

Decrease Local Expenditures – Not Significant

Assumptions applied to amendment:

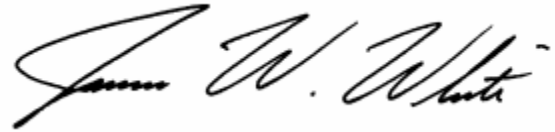
- The fiscal memorandum for the amendment 014830 assumed that there would be 304,000 decals issued and that there would be no fee for such decal. It is assumed that the \$1 fee required by this bill would result in a 5% reduction in the number of decals sold ($304,000 \times .95 = 288,800$). Therefore, it is assumed that there will be an increase in state revenue of approximately \$288,800 ($288,800 \times \$1 = \$288,800$).
- A decrease in state revenue of approximately \$1,200 due to fewer HOV lane violation citations. Such decrease is based upon the issuance of 50 fewer citations at \$25 each and the assumption that the state will retain 95% of such fines ($50 \times \$25 \times .95 = \1187.50).
- The net impact to state revenue is estimated to be an increase of approximately \$287,600 ($\$288,800 - \$1,200 = \$287,600$).
- Local courts are authorized to retain 5% of the HOV lane violation fine proceeds resulting in a decrease in local government revenue estimated to be not significant ($50 \times \$25 \times .05 = \62.50).
- A one-time increase in state expenditures to the Highway Fund of \$31,200 for the cost to manufacture and erect the required signage.
- A one-time increase in state expenditures to the General Fund of \$14,440 for the cost to the DOR to provide decals for qualifying vehicles.

This cost is based on the assumption that the department will be required to manufacture approximately 288,800 decals at a cost of \$0.05 each.

- A one-time increase in state expenditures to the General Fund of \$42,400 for systems changes required by the Department of Revenue.
- Any cost to local governments to assist TDOT in completing the required level-of-service examinations is estimated to be not significant.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" and last name "White" clearly legible, and "W." in the middle.

James W. White, Executive Director

/cce